

WBRH RADIO STATION TRAINING PROGRAM

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/26/01

WBRH RADIO STATION TRAINING PROGRAM

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INDEPENDENT AUDITOR'S REPORT

To the Members and Management of the
East Baton Rouge Parish School Board
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of WBRH Radio Station Training Program (a special revenue fund of the East Baton Rouge Parish School Board), herein referred to as WBRH, as of June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WBRH as of June 30, 2001, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 15, 2001, on my consideration of WBRH's compliance with certain provisions of laws, regulations, contracts, and grants, and on internal control over financial reporting.



Baton Rouge, Louisiana
October 15, 2001

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members and Management of the
East Baton Rouge Parish School Board
Baton Rouge, Louisiana

I have audited the financial statements of WBRH Radio Station Training Program (a special revenue fund of the East Baton Rouge Parish School Board), hereinafter referred to as WBRH, as of and for the year ended June 30, 2001, and have issued my report thereon dated October 15, 2001. I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.


Compliance

As part of obtaining reasonable assurance about whether WBRH's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered WBRH's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and *not to provide assurance on the internal control over financial reporting*. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



Baton Rouge, Louisiana
October 15, 2001

**WBRH RADIO STATION TRAINING PROGRAM
COMBINED BALANCE SHEET
JUNE 30, 2001**

	Special Revenue Fund	General Fixed Assets Account Group
<u>ASSETS</u>		
Cash in bank	\$ 13,769	\$ 0
Property and equipment	0	335,936
	<u>\$ 13,769</u>	<u>\$ 335,936</u>
<u>LIABILITIES AND FUND EQUITIES</u>		
Liabilities		
Accounts payable	\$ 186	\$ 0
Salaries payable	9,150	0
Total liabilities	<u>9,336</u>	<u>0</u>
Fund Equity and Other Credits		
Investment in general fixed assets	0	335,936
Fund balance	4,433	0
Total fund equity and other credits	<u>4,433</u>	<u>335,936</u>
Total liabilities and fund equities	<u>\$ 13,769</u>	<u>\$ 335,936</u>

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2001**

REVENUES

Members and contributions	\$ 58,670
Other revenue	14,255
Underwriting	98,331
Corporation for Public Broadcasting grant	64,310
In-kind support	91,790
Total revenues	<u>327,356</u>

EXPENDITURES

Advertising and promotions	21,910
Audit cost	2,008
Contract services	49,941
Dues and subscriptions	759
Employee benefits	27,181
Equipment purchases	49,347
Janitorial services	1,025
Land lease	3,224
Office supplies	11,742
Program fees	4,833
Regulatory fees/licenses	5,262
Rent	52,560
Repairs and maintenance	2,820
Salaries	94,632
Telephone	6,346
Utilities	1,000
Total expenditures	<u>334,590</u>

Excess revenues over (under) expenditures	(7,234)
Fund balance at beginning of the year	<u>11,667</u>
Fund balance at end of the year	<u><u>\$ 4,433</u></u>

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001**

	SPECIAL	REVENUE	FUND
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Members and contributions	\$ 64,000	\$ 58,670	\$ (5,330)
Other revenue	26,000	14,255	(11,745)
Underwriting	145,000	98,331	(46,669)
Corporation for Public Broadcasting grant	43,000	64,310	21,310
In-kind support	104,863	91,790	(13,073)
Total revenues	382,863	327,356	55,507
<u>EXPENDITURES</u>			
Advertising and promotions	22,500	21,910	590
Audit cost	0	2,008	(2,008)
Contract services	50,400	49,941	459
Dues and subscriptions	819	759	60
Employee benefits	29,200	27,181	2,019
Equipment purchases	50,000	49,347	653
Janitorial services	1,025	1,025	0
Land lease	3,300	3,224	76
Office supplies	14,950	11,742	3,208
Program fees	4,822	4,833	(11)
Regulatory fees/licenses	6,000	5,262	738
Rent	52,560	52,560	0
Repairs and maintenance	2,800	2,820	(20)
Telephone	6,108	6,346	(238)
Travel	250	0	250
Utilities	1,000	1,000	0
Salaries	131,793	94,632	37,161
Total expenditures	377,527	334,590	42,937
Excess revenue over (under) expenditures	5,336	(7,234)	(12,570)
Fund balance at beginning of the year	11,667	11,667	0
Fund balance at end of the year	\$ 17,003	\$ 4,433	\$ (12,570)

WBRH RADIO STATION TRAINING PROGRAM NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The WBRH Radio Training Station Training Program (WBRH) operates the WBRH radio station and provides for the training of students. WBRH is managed and owned by the East Baton Rouge Parish School Board (the Board), and is accounted for as a special revenue fund of the East Baton Rouge Parish School Board.

The School Board complies with Generally Accepted Accounting Principles (GAAP). The School Board's reporting entity applies to all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Fund Accounting

The financial transactions of WBRH are recorded in a separate fund and the fixed assets are recorded into an account group, each of which is considered a separate accounting entity. The separate fund is classified as a special revenue fund, which is a governmental fund type. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund balances, revenues and expenditures, or expenses as appropriate. The account group represents a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not effect net expendable available financial resources.

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatments applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become measurable and available to pay current period liabilities. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave, and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees, and general long-term obligations principal and interest payments are recognized only when due.

Budget and Budgetary Accounting

WBRH follows these procedures in establishing the budgetary data reflected in the combined financial statements:

Formal budgetary integration is employed as a management control device during the year for WBRH.

WBRH RADIO STATION TRAINING PROGRAM NOTES TO COMBINED FINANCIAL STATEMENTS

Special Revenue Funds' budgets that are not grant-oriented have annual appropriated budgets adopted prior to September 30 by the Board. Unencumbered appropriations of grant-oriented Special Revenue Funds are reappropriated at the beginning of the following fiscal year. Unencumbered appropriations of certain nongrant-oriented Special Revenue Funds lapse at the end of the fiscal year. These budgets are adopted on a basis consistent with GAAP.

All budget amounts presented in the combined financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. All budget revisions are approved by the Board.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with maturity dates within three months of the dates of acquisitions.

The Board is authorized to invest in U.S. Government securities and other allowable obligations issued or guaranteed by Federal agencies provided such obligations are backed by the full faith and credit of the United States of America; and certificates of deposit of financial institutions having principal offices within the State of Louisiana.

The Board maintains three checking accounts, exclusive of individual schools' bank accounts, with the Board's fiscal agent bank. These three accounts are the consolidated cash account and two interest bearing imprest accounts for the disbursements of payrolls and vendors.

Fixed Assets

All fixed assets acquired or constructed for WBRH are reported as expenditures in the WBRH Special Revenue Fund and are capitalized in the General Fixed Assets Account Group at historical cost. The amounts presented in the accompanying combined balance sheet represent only those assets pertaining to WBRH, and not the entire school board. Donated fixed assets are recorded at estimated fair market value at the time received. No depreciation is provided on the general fixed assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

2. BANK DEPOSITS

WBRH's cash is contained within the consolidated cash account referred to in Note 1. This bank account is shared by all of the funds of the Board, with each fund maintaining a balance within the account. WBRH's balance within this account was \$11,109 as of June 30, 2001.

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

The carrying amounts of all of the Board's deposits as of June 30, 2001, was \$50,634,510 and the bank balances was \$58,934,127. Of the bank balances, \$988,057 was collateralized by federal depository insurance, and \$56,061,398 was collateralized by securities held by the pledging financial institutions' trust department or agent in the name of the Board (GASB Category 2), and \$1,884,672 was collateralized by securities held by the financial institutions or by its trust department or agent, but not in the Board's name (GASB Category 3). Securities that may be pledged as collateral consist of obligations of the U.S. government and its agencies; obligations of the State of Louisiana and its municipalities and school districts.

3. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets of WBRH are as follows:

	<u>June 30,</u> <u>Property and Equipment</u>
Balance at beginning of the year	\$286,589
Additions	49,347
Deletions	<u>-0-</u>
Balance at end of the year	<u>\$335,936</u>

4. DEFINED BENEFIT PENSION PLANS

Plan Description

The full-time employees of WBRH are employees of the Board. All school board employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems. Each system is administered and controlled by the State of Louisiana by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Participation in the Teachers' Retirement System is divided into two plans, the Teachers' Regular Plan and the Teachers' Plan A. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits under each plan.

Each of the Systems issues annual publicly available financial reports that include financial statements and required supplementary information for the system. These reports may be obtained by writing or callings:

Teachers' Retirement System	8401 United Plaza Boulevard Post Office Box 94123 Baton Rouge, Louisiana 70804-9123 (225)925-6446
School Employees' Retirement System	8660 United Plaza Boulevard Baton Rouge, Louisiana 70809 (225)925-6484

**WBRH RADIO STATION TRAINING PROGRAM
NOTES TO COMBINED FINANCIAL STATEMENTS**

Funding Policy

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2001, for the Board and covered employees were as follows:

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	14.20%	8.00%
Plan A	14.20%	9.10%
School Employees' Retirement System	-	6.35%

As provided by Louisiana Revised Statute 11:103, the Board's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

5. LITIGATION AND CONTINGENCIES

WBRH is or may become a defendant in workers' compensation, personal injury, and certain personnel action lawsuits. Management and legal counsel for the Board believe that the potential claims against the Board, not covered by insurance, would not materially affect WBRH's financial position.

Federal Grants

In the normal course of operations, WBRH receives grant funds from the Corporation for Public Broadcasting. WBRH is subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

6. LEASE OBLIGATION

WBRH leases the land which one of its radio towers occupies. The current lease payment is \$269 per month. The original term of the lease plus renewals have expired and the lease is now on a month to month basis. The lease allows for annual rent adjustments of up to 3%.